

OFFICIAL

**New York
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**Attachment 4.19-B
(04/11)**

[Type of Service Method of Reimbursement]

Prescribed Drugs

Reimbursement is the lower of: 1) the upper limit if established by the Federal Government for specific multiple source drugs, plus a dispensing fee, or 2) the billing pharmacy's usual and customary price charged to the general public, or 3) the state maximum acquisition cost (SMAC) plus dispensing fee, or 4) the Estimated Acquisition Cost (EAC) established by State Department of Health, plus dispensing fee. (a) For sole source drugs and [or] multi-source brand name drugs, the EAC is defined as average wholesale price (AWP) less [sixteen and twenty-five one hundredths] seventeen percent or the wholesale acquisition cost of a prescription drug based on package size dispensed from, as reported by the prescription drug pricing service used by the department, minus zero and forty-one hundredths percent. (b) For multi-source generic drugs, the EAC is defined as the lower of AWP less twenty-five percent, or the maximum acquisition cost. [(c) For specialized HIV pharmacies, the EAC is defined as AWP of the drug less twelve percent.] The dispensing fee for generic [prescription drugs will be \$4.50 per prescription] and [for] brand name prescription drugs will be \$3.50. [However, for brand name prescription drugs, when the net cost of the brand name drug, after consideration of all rebates is less than the cost of the generic equivalent, the dispensing fee shall be \$4.50 per prescription. The State Department of Health's prescription drug pricing service will determine whether a prescription drug is generic or brand name.]

A SMAC may be established for any drug, including brand name multi-source drugs, for which two or more A-rated therapeutically equivalent, multi-source drugs where a significant cost difference exists. The drugs used for the SMAC price calculation formula will be active (non-obsolete) drugs eligible for rebates under the Federal Medicaid Drug Rebate Program authorized by Section 1927 of the Social Security Act and which are available in sufficient quantities in the marketplace. The source of comparable drug prices will be nationally recognized comprehensive data files maintained by a vendor under contract with the State. While the final SMAC pricing methodology is proprietary, multiple drug pricing resources are utilized to determine the preliminary acquisition cost for generic drugs. These resources include pharmacy providers, wholesalers, drug file vendors such as First Data Bank, and pharmaceutical manufacturers. The preliminary acquisition cost for each product is maintained in a SMAC pricing file database. Products are then sorted into drug groups by GSN (Generic Code Number Sequence Number) which denotes the same generic name, strength, and dosage form. The vendor will apply the proprietary formula to the estimated acquisition costs in each GSN giving due consideration to the lower cost products. Multipliers are used to increase the applicable lowest price by a percentage. The resulting price becomes the SMAC price which is then applied to all drug products in that specific GSN. The SMAC file is updated monthly. New York's SMAC list is available from a vendor under contract with the Department.

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